



GARY R. HERBERT
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Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

February 22, 2011

CERTIFIED RETURN RECEIPT

7009 3410 0001 4203 1362

Glen Murphy
Duchesne County Road Department
P. O. Box 356
East Old Highway 40
Duchesne, Utah 84021-0356

Subject: Escalation of Reclamation Surety, Duchesne County Road Department, Cedar Buttes Mine, M/047/0028, Uintah County, Utah

Response required by April 4, 2011

Dear Mr. Murphy:

The Division of Oil, Gas and Mining's last reclamation cost estimate for the Cedar Buttes tar sand mine was completed in 2000 and escalated to 2005 dollars, so the reclamation surety amount is now due for review and adjustment. The Division may adjust the amount of reclamation surety as the result of a periodic review taking into account inflation/deflation based on an acceptable cost index (R647-4-113.6).

The adjusted amount shown on the attached spreadsheet is \$106,000.00, an increase of \$16,200.00 from the current surety of \$89,800.00.

An alternative to increasing the surety is to reclaim a portion or all of the site. The surety required would then be adjusted according to the amount of liability still remaining.

No later than April 4, 2011, please notify the Division whether you will increase the surety or perform partial or complete reclamation. If you decide to pursue reclamation, please include a schedule and a general description of the work you will do.

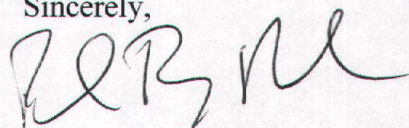
If you decide to increase the surety, the increase must be received no later than May 2, 2011. The surety may be posted in the form of a letter of credit, cash, a certificate of deposit, or a corporate surety, either for the entire or the increased amount. In the case of a surety bond, you could submit a rider to the existing bond.



Page 2 of 2
Glen Murphy
M/047/0028
February 22, 2011

Thank you for your help in keeping the surety current. If you have any questions or concerns about this letter, please contact me at 801-538-5261.

Sincerely,

A handwritten signature in black ink, appearing to read 'PBB' followed by a stylized flourish.

Paul B. Baker
Mining Program Manager

PBB:pb

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Cedar Buttes	M/047/0028		
Surety Escalation	February 9, 2011		
	Percentage increase/year	Surety amount in <year> dollars	
2000	2.44	1.0244	76951
2001	4.21	1.0421	\$78,828.60
2002	2.02	1.0202	\$82,147.29
2003	1.71%	1.0171	\$83,806.66
2004	0.84%	1.0084	\$85,239.76
2005	3.99%	1.0399	\$85,955.77
2006	5.44%	1.0544	\$89,385.41
2007	2.12%	1.0212	\$94,247.97
2008	-3.40%	0.966	\$96,246.03
2009	2.90%	1.029	\$92,973.67
2010	1.80%	1.018	\$95,669.90
2011			\$97,391.96
2016		1.017	\$105,956.56
Rounded to nearest \$100			\$106,000.00

Note: The surety amount is listed in the row of the year in which it was calculated.
The escalation factor for a year is applied to the surety amount to take it to the next year.

Enter starting dollar amount in D

RECLAMATION SURETY ESTIMATE				
Duchesne County				
Duchesne County Asphalt				
M/047/028				
Duchesne County				
Prepared by Utah State Division of Oil, Gas & Mining				
-This site was previously known as Cedar Buttes Asphalt Mine S/047/028. -Duchesne County posted an interim surety of \$32,750 on 3/31/98; 13.1 acres X \$2,500/acre. -This estimate is based on the LMO-NOI submissions received to date & Division response letters. -No structures or facilities will remain on site after final reclamation. -All acreages in this estimate were based on Exhibit B & Exhibit E maps received July 27, 2000. -Area: Present Mining + Waste Stockpile 7.52 acres, Crushing + Material Stockpile + Loading 3.72 acres. -Topsoil stockpile 2.94 acres, Previous Crushing and Stockpiling 1.80 acres, Extension 20.88 acres. -All earthwork volumes were calculated using areas from Exhibit B & Exhibit E & depths as indicated. -Composted manure mixed into upper soil layer at 5 ton/acre in extension area & 10 ton/acre in mine areas. -All reclamation tasks in this estimate are based on information in the Division review of 8/29/00. -Amount of disturbed area which will receive reclamation treatments = 36.86 acres -Estimated total disturbed area for this mine = 36.86 acres				
Activity	Quantity	Units	\$/unit	\$
19 Safety signs (mtls & installation)	1	sum	200	200
20				(1)
21 Demolition of scale house (est volume)	800	CF	0.24	192
22 Debris & equipment removal - trucking	3	trips	50	150
23 Debris & equipment removal - dump fees	20	CY	55	1,100
24 Debris & equipment removal - loading trucks w/FE loader	4	hours	107	428
25 Demolition & debris removal - general labor	8	hours	15	120
26				(6)
27 Regrading waste material into pit (est. 4' x 4.4 acre)	28,395	CY	0.60	17,037
28 Ripping waste material stockpile area	1.10	acre	317	349
29				(8)
30 Ripping topsoil stockpile pad & previous crushing areas	4.74	acre	317	1,503
31				(8)
32 Boulders & roughening at highwall base - trackhoe	8	hr	172.46	1,380
33				(9)
34 Ripping roads & pads - crushing & mtl stockpile - dozer	2.00	acre	317	634
35 Rearranging crushing & mtl stockpile area -dozer (50% area)	1.86	acre	334	621
36				(10)
37 Sidecast mtl replacement-steep roads- trackhoe (est LF)	2,000	LF	1.09	2,180
38 Regrading grubbed soils in extension area(est. 1.5' deep)	25,265	CY	0.34	8,590
39 Ripping roads in extension area (est 2,000' x 35')	1.90	acre	317	507
40				(12)
41 Surface drainage restoration or construction (est LF)	800	LF	0.11	88
42				(13)
43 Topsoil over pit backfill - truck haulage (4 acre x 0.5')	3,227	CY	1.92	6,195
44 Topsoil over pit backfill - loading truck with FE loader	3,227	CY	0.58	1,871
45				(15)
46 Composted manure (10 t/acre) pit & waste stockpile area	7.52	acre	300	2,256
47 Composted manure (10 t/acre)crushing, topsoil, & previos	8.46	acre	300	2,538
48 Composted manure (5 t/acre) extension area	20.88	acre	150	3,132
49 Broadcast seeding (~20 lb/acre)	36.86	acre	170	11,058
50				(00)
51 General site cleanup & trash removal (40% area)	14.74	acre	50	737
52				(00)
53 Equipment mobilization	4	equip	1000	4,000
54				(00)
55 Reclamation Supervision	8	days	386	3,088
56				(16)
57 Subtotal				69,955
58 10% Contingency				6,996
59 Subtotal				\$76,951
60 Escalate for 5 years at 3.13% per yr				12,821
61				
62 Rounded surety amount in yr 2005-\$				\$89,771
Average cost per disturbed acre =				\$2,436

RECLAMATION SURETY ESTIMATE				
Duchesne County				
Duchesne County Asphalt				
M/047/028				
Duchesne County				
Prepared by Utah State Division of Oil, Gas & Mining				
last revision \$2500 filename m47-28 v02 page 'ESTIMATE'				
Note				
(1)	DOGM lump sum assumed			
(2)	Means Heavy Construction Cost Data 2000, 02220-100-0100, mix of bldg. types, avg., excluding dump fees			
(3)	Means 2000, 02225-730-5100, bldg demo, rubbish handling, \$0.50/CY per mile for >8CY truck; assumed 100 miles round trip			
(4)	Means 2000, 02225-740-0100, dump charges, typical urban city, tipping fees only, bldg construction mtls			
(5)	Rental Rate Blue Book 3Q/00, Cat 950G, 4 CY, \$66.38/hr+\$40.87/hr. & Means 2000, Crew B-10U, loading trucks only			
(6)	DOGM assumed wage for unskilled general labor			
(7)	Means 2000 & Blue Book 3Q/00: Cat D10N, U, mtl 2550 lb/CY, 200 ft push			
(8)	Means 2000 & Blue Book 3Q/00: Cat D10N, U, multi shank rippers, speed 1.0 mph			
(9)	Means 2000 & Blue Book 3Q/00: Cat D10N, U, multi shank rippers, speed 1.0 mph			
(10)	Means 2000 & Blue Book 3Q/00: Cat D10N, U, mtl 2550 lb/CY, 50 ft push, 1 ft depth			
(11)	Contractor's actual costs, 1991 at E/053/012 escalated to 2000-\$, Cat 225 Excavator, 20 ft wide road			
(12)	Means 2000 & Blue Book 3Q/00: Cat D10N, U, mtl 2550 lb/CY, 100 ft push			
(13)	Means 2000 & Blue Book 3Q/00: Cat D10N, U, multi shank rippers, speed 1.0 mph			
(14)	Means 2000 & Blue Book 3Q/00: Cat D10N, U, mtl 2550 lb/CY, 50 ft push, avg vol 0.5CY/LF-berm assumed			
(15)	Means 2000 02320-200-2010: earthwork, hauling excavated or borrow material, off highway hauler, 22 CY, 1000 ft round trip, no loading included			
(16)	Means 2000 & Blue Book 3Q/00: Cat 950G Series II, 200 ft haul,			
(00)	DOGM general estimate - manure \$16/ton delivered, \$14 ton/acre spreading			
(00)	DOGM general estimate - manure \$16/ton delivered, \$14 ton/acre spreading			
(00)	DOGM general estimate - manure \$16/ton delivered, \$14 ton/acre spreading			
(00)	DOGM general estimate - broadcast seeding			
(00)	DOGM general estimate - site cleanup & trash removal			
(00)	DOGM general estimate - equipment mobilization			
(16)	Means 2000, 01300-700-0180, project manager, minimum \$1,930/wk			